

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
RENEE PEARL PELETI,)
)
Defendant.)
_____)

CASE NO. *MJ, 3- 5216*

COMPLAINT for VIOLATION
Title 18, United States Code,
Sections 1163 and 2

BEFORE the Honorable Karen L. Strombom, United States Magistrate Judge,
Tacoma, Washington,

The undersigned complainant being duly sworn states:

COUNT 1
(Embezzlement from Indian Tribal Organization)

Beginning at a time unknown, but believed to be not later than in or about July 2008,
and continuing through in or about April 2013, at Suquamish, Washington, within the
Western District of Washington, RENEE PEARL PELETI, being an agent and employee of
the Suquamish Indian Tribe's Indian Child Welfare Department, did embezzle, steal,
knowingly convert to her use or the use of another, willfully misapply and willfully permit to
be misapplied, moneys, funds and credits belonging to an Indian tribal organization, to wit:

1 approximately \$115,308.49 in proceeds of checks and vouchers issued by the Suquamish
2 Tribe's Indian Child Welfare Department, which proceeds belonged to the Suquamish Tribe.

3 All in violation of Title 18, United State Code, Sections 1163 and 2.

4 The undersigned complainant being duly sworn further states:

5 1. I am a Special Agent with the Federal Bureau of Investigation (FBI), and have
6 been so employed for eleven years. I am currently assigned to the Poulsbo Resident Agency
7 of the Seattle Division. The FBI is responsible for enforcing the federal criminal statutes of
8 the United States. While employed as an FBI Agent, I have investigated and/or participated
9 in investigations of a wide array of federal criminal violations, including the Embezzlement
10 and Theft from Indian Tribal Organizations.

11 2. The information contained in this affidavit is based upon my own
12 investigation, as well as upon court documents, police reports, the investigations conducted
13 by others, and the details related to me by others familiar with this matter. Because this
14 affidavit is made for the limited purpose of establishing probable cause, I have not listed
15 each and every fact known to me concerning this investigation.

16 3. In early April, 2013, an employee of the Suquamish Tribe's Indian Child
17 Welfare (ICW) Department picked up a series of ICW checks from the Finance Department
18 and noted that the amounts of several of the checks were higher than normal. The employee
19 alerted her supervisor, which led to an internal investigation.

20 4. On April 9, 2013, the Tribe's Finance Department alerted the Suquamish
21 Police Department (SPD) that they had examined their electronic purchase authorization
22 system, known as Microix, and readily discovered seven instances where check requests had
23 been fraudulently altered, resulting in the issuance of checks in amounts that were
24 substantially greater than the original requested amounts. The Finance Department also
25 reported an ICW administrative assistant, RENEE PELETI, cashed these checks. Further
26 examination of the Microix system revealed that PELETI submitted requests for funds for
27 ICW clients to the director for approval. Once approved, PELETI increased the amount of
28 the of the check requests before submitting them to the Finance Department. Once the

1 checks were printed and returned to ICW, it appeared that PELETI then fraudulently signed
2 the name of the original payees on the back of the checks and wrote "Pay to the Order" of
3 herself, cashed the checks and converted the check proceeds.

4 5. Based on the above evidence, on April 9, 2013, SPD arrested PELETI on tribal
5 charges. Following her arrest, SPD interviewed PELETI and informed her that the interview
6 was being video recorded. PELETI was read her Miranda warnings from a department
7 issued card and waived her rights. During the interview, PELETI was shown copies of the
8 seven checks noted above. PELETI admitted that she increased the check amounts, forged
9 the endorsements on the checks and deposited the check proceeds into her account at Bank
10 of America. PELETI further admitted that she started taking Tribal money approximately
11 one year earlier.

12 6. Bank of America (BOA) records were obtained as part of the investigation and
13 revealed the following: six of above-referenced checks were endorsed in the name of
14 RENEE PEARL PELETI and deposited into BOA account number XXXX8606 between
15 February 11, 2013 and March 22, 2013; another check was endorsed in the name of RENEE
16 PEARL PELETI and deposited into BOA account number XXXXXX8538; BOA account
17 no. XXXX8606 is a business account in the name of TK Construction/Happy Peleti, jointly
18 owned by PELETI and her husband, Happy; PELETI deposited all seven checks via ATM at
19 the BOA branch in Bainbridge Island, WA. In addition, BOA video recordings showing
20 PELETI at a Bainbridge Island ATM machine, making deposits on February 11, 2013,
21 March 11, 2013, March 12, 2013, and on March 22, 2013. In the videos on February 11,
22 2013 and March 12, 2013, PELETI can be seen wearing a coat bearing the Suquamish Tribe
23 logo on the back. Furthermore, an image of a check bearing the Suquamish Tribe logo can
24 be seen being deposited into the ATM in the March 22, 2013 video.

25 7. Interviews were conducted with ICW employees and Tribal employees
26 familiar with the Microix accounting software in order to determine PELETI's access to the
27 system, her position in ICW in reference to using the system, and her ability to change
28 vendors and amounts on checks. From these interviews, law enforcement learned that the

1 Tribe's departments, including ICW, employ a three-step process for the issuance and
2 approval of checks:

- 3 a. A "requestor" inputs the request into the Microix system (in ICW, PELETI
4 and two other employees had requestor status, with PELETI being the
5 primary requestor);
- 6 b. A department director approves the check request; and
- 7 c. A Deputy Procurement Officer (DPO) provides final departmental approval
8 before the request is submitted to the Finance Department, which is
9 responsible for issuing checks for all departments in the Tribe. PELETI
10 was the DPO for ICW (PELETI could manipulate the amount of the check
11 request without oversight because of a lack of internal controls, i.e., the
12 functions of a check requestor and DPO should not have been performed by
13 the same person).

14 8. Furthermore, PELETI was the person primarily responsible for picking up
15 checks from the Finance Department and for distributing the checks to ICW clients in person
16 at the ICW office or by mail.

17 9. Microix records indicate that as the DPO, PELETI made changes to the vendor
18 name and/or amount on numerous checks, which she later appeared to have fraudulently
19 endorsed to herself.

20 10. On April 23, 2013, a SPD detective searched the two-drawer filing cabinet in
21 PELETI's workspace, which had been secured at the time of PELETI's arrest two weeks
22 earlier. The following items were located during this search which related to checks from
23 Tribal Funds:

- 24 a. A copy of Tribal Funds check stub number 1200103 with handwritten
25 signatures on it, which appear to reflect an individual practicing that
26 signature. Further review of the Tribe's canceled checks shows that
27 check number 1200103 appears to one where PELETI forged the
28 signature of the original payee and then endorsed the check as payable
to herself.
- b. Copies of Tribal Funds check stub numbers 26926, 29390, 1203531,
1204720 and 1204730. Upon review of the Tribe's corresponding

1 cancelled checks, it appears that PELETI forged the signature of the
2 original payee on each of these checks and then endorsed them as
3 payable to herself.

- 4 c. A printout from the Microix accounting system listing forty-four
5 purchase orders generated for ICW on June 27, 2012. Highlighted on
6 the printout were six purchase orders that correspond with Tribal Fund
7 checks where PELETI appears to have forged the signatures of the
8 original payee and then endorsed the checks as payable to herself.

9 11. Interviews were conducted with nine individuals whose names were listed as
10 the original payee on approximately 131 Tribal Funds checks, which appeared to have been
11 forged in the manner described above. These individuals reviewed the front and back copies
12 of canceled checks where they were listed as the payees. Some of these checks had
13 endorsements on the back which contained only the payees' signatures. Others contained
14 endorsements on the back with the payees' signatures followed by "Pay to the Order of
15 Renee PELETI" and PELETI's signature. In almost every instance where the endorsement
16 contained only the payees' signatures, the interviewees recalled receiving the checks,
17 recognized their signatures, and/or recalled cashing or depositing the check proceeds into
18 their bank accounts. In every instance where the endorsement on the back copy of the check
19 contained their name as well as "Pay to the Order of Renee PELETI", followed by Renee
20 PELETI's signature, the interviewees denied that the signatures were theirs, and denied ever
21 signing a check over to PELETI. One interviewee stated that the signature on the back of 13
22 separate checks bearing her name as payee was not her handwriting, and noted that her name
23 was even misspelled. Furthermore, several of the interviewees stated that they did not even
24 know PELETI.

25 12. As part of the investigation, an extensive review of the Tribe's Microix
26 accounting system, and front and back copies of canceled Tribal Funds checks provided by
27 Wells Fargo and Union Bank (the Tribe had checking accounts with both banks during the
28 period in question) was undertaken in order to determine the scope of PELETI's fraudulent
activity. That review revealed that between July 2, 2008 and March 28, 2013, there were

1 approximately 261 checks totaling approximately \$88,747.05, where PELETI appeared to
2 forge the signatures of the original payees and then endorse the checks as payable to herself.

3 13. A review of BOA records (PELETI banked at BOA) revealed that 215 of the
4 261 Tribal checks noted above were deposited into PELETI's personal bank account
5 between July 21, 2008 and April 30, 2013.

6 14. During the April 23, 2013 search of the filing cabinet in PELETI's workspace,
7 other items of interest were discovered, which helped to identify further the methods
8 PELETI used to defraud the Tribe. One of those items is a copy of Tribal Funds check
9 number 22780, dated March 28, 2012, in the amount of \$207.44, payable to Puget Sound
10 Energy (PSE). Photocopied on the same page, is a payment stub from PSE for account
11 number XXX-XXX-000-0, bearing the name Renee P. PELETI and an address associated
12 with PELETI on Bainbridge Island, with an amount owed of \$291.01, and a due date of
13 April 30, 2012. As is discussed below in paragraph 17, PELETI used numerous Tribal
14 Funds checks, including check number 22780 to pay her personal PSE bill bearing account #
15 XXX-XXX-000-0. According to Tribal employees in ICW and Finance, PELETI was not
16 an ICW client, did not have dependents who were ICW clients and was not authorized to use
17 ICW or Tribal funds to pay her PSE bill.

18 15. Also discovered during the April 23, 2013 search were four receipts for PSE
19 payments made by check through Kitsap Bank, 10140 High School Road, Bainbridge Island,
20 WA, to PSE account numbers XXX-XXX-000-0 and XXX-XXX-923-7. A review of PSE's
21 website revealed that customers may pay their bill, with cash or check only, at more than 150
22 payment processing locations in the state of Washington, including the Kitsap Bank branch
23 identified in this paragraph.

24 16. After reviewing the above documents, I requested Tribal employees examine
25 the Tribe's banking records and provide all canceled checks to PSE that contain an
26 endorsement to PSE account # XXX-XXX-000-0. Tribal employees provided front and back
27 copies of fourteen checks that matched the criteria above. Supporting documentation entered
28 into the Microix system to request those checks revealed purchase orders for ICW clients

1 with PSE account numbers different than the account number associated with PELETI
2 above.

3 17. Based on a review of the fourteen checks and records provided by Kitsap Bank
4 and PSE, I determined that PELETI caused \$2,893.62 in fraudulent payments to be made to
5 her personal account at PSE, account no. XXX-XXX-000-0, by means of the following
6 Tribal Funds checks:

DATE	CHECK NUMBER	CHECK AMOUNT DEPOSITED
9/3/2010	3491	\$234.58
12/3/2010	7715*	\$159.00
2/18/2011	9147	\$230.80
4/18/2011	11723*	\$135.36
6/4/2011	13021*	\$157.59
2/9/2012	19705	\$235.20
3/16/2012	22179*	\$259.70
4/27/2012	22780	\$207.44
6/5/2012	24794	\$220.77
8/28/2012	28013	\$110.18
10/24/2012	29977*	\$305.23
12/20/2012	1201479	\$286.14
3/21/2013	1204748	\$191.66
3/21/2013	1204944	\$159.97
TOTAL		\$2,893.62

25 For each of the five Tribal Funds checks listed above that is followed by an asterisk, the
26 amount of the check exceeded the amount paid or credited to PELETI's personal PSE
27 account. The check proceeds were credited partially to PELETI's and another PSE account.
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1 18. The ICW Department provides funds to assist with a variety of different
2 essential items for Tribal children in need such as food, clothing and school supplies. Food
3 assistance is typically provided in the form of a monthly check or food voucher. The amount
4 of assistance received is based on need and on the number of children in the house who are
5 ICW clients. If a client lived in the local area, they typically received a food voucher for
6 Albertsons which could only be used at the Albertsons in Kingston or Poulsbo, WA. If a
7 client lived outside the local area, they typically received a check. A client who received a
8 food voucher would shop for groceries at one of the two Albertsons described above, present
9 the voucher to the cashier to pay for their groceries, sign the voucher, and pay for any
10 overages with their own money (usually cash, debit or credit card). Subsequently,
11 Albertsons would provide the Tribe with a copy of the signed voucher along with the receipt
12 for items purchased.
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14 19. In reviewing ICW voucher records as part of this investigation, signature
15 discrepancies were noted on numerous returned Albertsons food vouchers. An example of a
16 signature discrepancy might be incorrect initials, initials signed when the client would
17 normally sign with a full name, and/or different signatures/initials signed on separate
18 voucher returns bearing the same client identification number. It was noted that on the
19 returned vouchers where signature discrepancies were found, the corresponding receipts all
20 contained Albertsons preferred customer card number XXXXXXXX6684.

21 20. A review of records provided by Albertsons revealed that preferred customer
22 card number XXXXXXXX6684 is associated with an account in the name RENEE PELETI.

23 21. Tribal employees were asked to provide the entire Albertsons voucher receipts
24 bearing customer card number XXXXXXXX6684. A review of those receipts revealed
25 approximately 126 Albertsons food vouchers where preferred customer card number
26 XXXXXXXX6684 was used in conjunction with the purchase of approximately \$23,667.82 in
27 groceries between April 10, 2010 and April 4, 2013. The corresponding purchase order
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1 requests for ICW funds that match each of those receipts show that when the requests were
2 approved by the director, they appeared to be intended for legitimate ICW clients.

3 22. Interviews were conducted with nine individuals who served as the guardians
4 of children whose ICW client identification numbers were listed as the designated recipient
5 on approximately 35 of the requests for Albertsons food vouchers that were located as part of
6 the 126 vouchers noted above. Five of these individuals live outside of the local area and
7 reported that they never received Albertsons food vouchers as part of their ICW benefits.
8 Nevertheless, all nine individuals were shown copies of ICW Albertsons food vouchers
9 bearing their dependents' client identification number with corresponding receipts, and asked
10 to review them to see if they contained their signature and preferred customer card number.
11 Of the 35 vouchers reviewed, none of the nine individuals recognized their signature on any
12 of the vouchers. In addition, while most individuals did not know their preferred customer
13 card number, all acknowledged that if/when they shopped at Albertsons; they would use their
14 phone number to receive a preferred customer discount on grocery purchases. In other
15 words, if the purchase had been made by or on behalf of an ICW client family, the receipts
16 should have reflected their preferred customer card number, and not PELETI's card number
17 XXXXXXXX6684. All nine individuals denied ever asking PELETI to shop for them at
18 Albertsons, with several noting they did not even know PELETI.

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20 23. In addition to the above evidence, of the 126 Albertsons food voucher receipts
21 bearing PELETI's preferred customer card number, 51 receipts were for purchases that
22 exceeded the amount of the voucher and resulted in the customer paying the difference with
23 a debit card. BOA records revealed that the debit card used to pay the overages was
24 associated with PELETI's BOA account number XXXX8606.

25 24. Interviews were conducted with Tribal employees in Finance and ICW. Those
26 employees noted that although PELETI worked for ICW, she was not a client of ICW, did
27 not have dependents who were clients of ICW, and was not entitled to receive Albertsons
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1 food voucher benefits from the ICW program, especially under the guise of legitimate
2 clients.


3 25. The Suquamish Tribe ICW Department is a wholly owned and operated
4 service component of the Suquamish Tribe, a federally recognized Indian tribe.

5 26. Based on the foregoing, I submit that probable cause exists to believe that
6 RENEE PEARL PELETI did embezzle, steal, knowingly convert to her use or the use of
7 another, willfully misapply and willfully permitted to be misapplied, moneys, funds and
8 credits belonging to an Indian tribal organization, namely the Suquamish Tribe ICW
9 Department, in violation of Title 18, United States Code, Sections 1163 and 2.
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12 
13 COLLEEN B. SANDERS, Complainant
14 Special Agent, FBI
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16 Based on the Complaint and Affidavit sworn to before me, and subscribed in my
17 presence, the Court hereby finds that there is probable cause to believe the defendant
18 committed the offense set forth in the Complaint.

19 DATED this 11th day of October, 2013.
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21 
22 KAREN L. STROMBOM
23 United States Magistrate Judge
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